

AUG Sub-Committee Meeting

8th April 2022



engage 

ELECTRICITY | GAS | INDUSTRY EXPERTS

Introductions



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Agenda

- ▶ **Final Statement**
- ▶ **2023 - 2024 Contributors**
- ▶ **Advisory Service**
- ▶ **Innovation Service**
- ▶ **Industry Issues**

Final Statement



Final Statement

Publication

- ▶ There were no material updates between the proposed Final Statement and the Final Statement
- ▶ The Final Statement was published on [AUG Statement 2022/23 | Joint Office of Gas Transporters](#) on 31st March 2022

2022 - 2023 Statement

Recap

- ▶ We have continued to build on our three key principles – “polluter pays”, bottom up and UIG at Line in the Sand
- ▶ We have carried out four investigations this year (2 new and 2 refinement)
- ▶ Further minor enhancements were implemented for other contributors
- ▶ All contributors and the consumption forecast have been updated based on most recent data
- ▶ The changes to the Weighting Factors are due to the AMR investigation associated with theft, the updated consumption forecast, the UIG associated with no read and the Unregistered sites UIG forecast for EUC band 9
- ▶ We thank the industry for its constructive interactions. The feedback in meetings and the consultation responses led to positive changes to the Statement

Final Weighting Factors

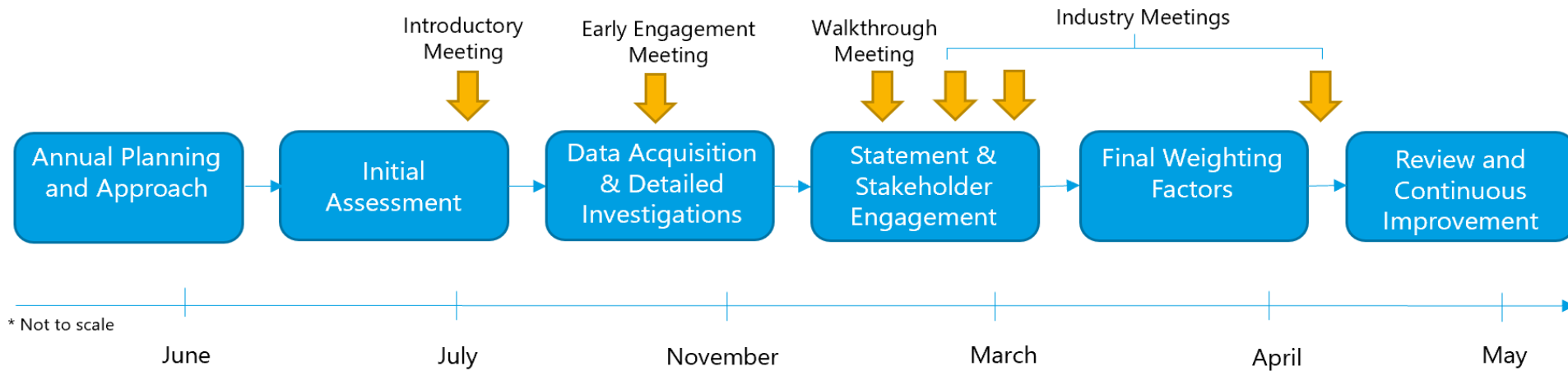
Weighting Factors

► The final Weighting Factors are

		CLASS			
		1	2	3	4
EUC BAND	1ND	60.12	60.12	60.12	84.50
	1PD	64.11	64.11	64.11	382.64
	1NI	5.10	830.68	173.52	756.21
	1PI	173.52	295.06	173.52	756.21
	2ND	69.94	69.94	70.04	126.46
	2PD	70.04	91.22	70.04	126.46
	2NI	5.10	100.34	63.15	199.46
	2PI	26.18	26.18	63.15	199.46
	3	5.10	53.23	48.36	52.53
	4	5.10	60.64	54.07	58.44
	5	5.10	55.38	52.51	55.56
	6	5.10	58.76	53.69	71.81
	7	5.10	63.30	57.14	62.54
	8	5.10	50.85	60.52	46.14
	9	5.10	28.00	23.64	26.34

Next Steps

- ▶ The final Statement will be considered at the UNCC Meeting on 21st April 2022



2023 - 2024 Initial Assessment



Initial Assessment

2023 – 2024 Statement

- ▶ **The 23 Contributors that will be assessed as part of the initial Assessment provided in the table opposite**
- ▶ **The new Contributors are**
 - ▶ Issues with CDSP system
 - ▶ Dead sites
- ▶ **There are two potential refinements for theft of gas**
 - ▶ Reduction in total value due to Smart and AMR rollout
 - ▶ Use of time since last read as indicator of theft probability

CONTRIBUTOR ID	CONTRIBUTOR DESCRIPTION
10	Theft of Gas (reduction in total from smart meter/ AMR roll-out)
10	Theft of Gas (link to time from last read)
20	Unregistered Sites
25	Shipperless Sites
40	Consumption Meter Errors - Inherent Bias
41	Consumption Meter Errors - Faulty Meter
42	Consumption Meter Errors - Extremes of Use
50	LDZ Meter Errors
60	IGT Shrinkage
70	Average Pressure Assumption
80	Average Temperature Assumption
90	No Meter Read at the Line in the Sand
100	Incorrect Correction Factors
110	CV Shrinkage (hydrogen)
120	Meter Exchanges
130	Consumption Adjustments
140	Meters with a By-pass Fitted
150	Meterless Sites
160	Isolated Sites
170	Incorrect Meter Technical Details
180	Unfound UIG Contributors
190	Error with CDSP System (Amendment Invoice)
200	Dead Sites

Future Considerations

Future Considerations 2022

Action Number	Future Consideration
21/2f	We will consider the potential impact of flow rates on Consumption Meter errors for subsequent years.
21/3f	We will consider the potential inclusion of Shipperless sites awaiting their GSR visit in our data and analysis for subsequent years.
22/1b	We will consider the practicalities of a further level of top-down validation of our outputs.
22/2a	We will include Meter Bypass in our list of topics for annual assessment for the Gas Year 2023-2024.
22/2b	As part of our annual assessment for the Gas Year 2023-2024, we will investigate additional ways to validate the Isolated Sites data for inclusion in future AUG Statements.
22/2c	We will assess whether additional data is available to improve the accuracy of AQ assumptions for Isolated Sites.
22/2d	We will continue to monitor closely any output from other research and analysis being undertaken in the area of energy theft, and specifically the outcome of the current RECCo review.
22/2e	We will acquire the relevant data to investigate the impacts of Mod 0664 and whether there is a relationship between read frequency and theft. We will include this in our assessment of potential refinements for Gas Year 2023-2024.
22/3a	We will update the calculation and output to reflect the alternative mapping and reflect this in the proposed final Statement for Gas Year 2022-2023.
22/4a	We will assess the scaling up of our UIG estimate under contributor '180 – Unfound UIG Contributors', after discussion with interested Shippers.

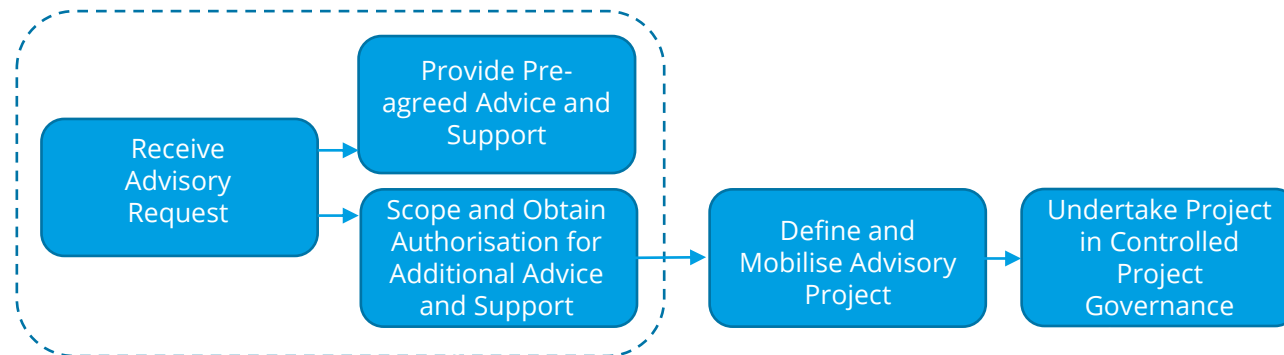
Advisory Service



Advisory Service

Background

- ▶ Our Advisory Service is designed to provide stakeholders, including relevant industry groups, with expert advice from the AUGE
- ▶ Last AUGE year, the Advisory Service was used once to participate in a fact-finding workshop with RECCo on reporting and use of theft of gas data
- ▶ There is a pre-agreed budget of 18 days for each AUG year
- ▶ At the March AUG Sub-Committee meeting we took the action to develop two potential advisory services



Advisory Service

Reporting to the Performance Assurance Committee

- ▶ **We have identified 17 issues over the last 2 years. These are summarised on the next slide**
- ▶ **Where possible we have calculated the estimated impact to UIG at Line in the Sand, the originator, the impacted parties and recommendations**

Advisory Service

Proposed AUG PAC Issues Log (1)

ISSUE NUMBER	AUGE INVESTIGATION	TOPIC	DESCRIPTION	IMPACT (GWH)	IMPACTED PARTIES	ORIGINATING MARKET SECTOR	RECOMMENDATIONS
AUGE01	Theft of Gas	Theft reporting	Detected theft does not always get reported into Settlement	50	Shippers/suppliers	Shippers/suppliers	Tracking of 0734S reported volumes and cross reference with individual shipper records
AUGE02	Theft of Gas	Theft identification	Only a small percentage of estimated total theft is identified and reported into Settlement	Up to 7TWh	Shippers/suppliers	Shippers/suppliers	Audit of shipper/supplier theft detection practices
AUGE03	Theft of Gas	Energy reporting	The energy that is reported for the same instances of theft is different between TRAS and TOG (CMS)	Not Calculated	Shippers/suppliers	Shippers/suppliers	Validation of theft energy values
AUGE04	No Read at the Line in the Sand	Overall Scale	Sites not acquiring a read by line in the sand are creating a large amount of UIG	861	Shippers	Shippers	Incentives to provide a read by line in the sand
AUGE05	No Read at the Line in the Sand	Read Rejection	Shippers are receiving repeated read rejections and they are not resolving the root cause	640	Shippers	Shippers	Identify shippers who do not resolve read rejections
AUGE06	No Read at the Line in the Sand	Must Reads	There are monthly read sites with no accepted read at Line in the Sand	91	Shippers	Networks	Carry out a cause analysis as to why the reads are not being obtained
AUGE07	No Read at the Line in the Sand	AQ Corrections	AQ corrections are taking place without an associated read being provided	Not Calculated	Shippers	Shippers	Consider validation of AQ Amendments
AUGE08	Consumption Meter Errors - Faulty meter	Consumption Adjustments for faulty meters	Consumption adjustments are not occurring in cases where a faulty meter flag has been applied	Not Calculated	Shippers	Shippers	Investigate why Consumption adjustments are not being submitted for faulty meters
AUGE09	Incorrect Correction Factors	Site Specific correction factor being set too low	Some correction factors are set lower than permitted in legislation	3	Shippers	Shippers	Do not allow Correction factors to be set too low in system

Advisory Service

Proposed AUG PAC Issues Log (2)

ISSUE NUMBER	AUGE INVESTIGATION	TOPIC	DESCRIPTION	IMPACT (GWH)	IMPACTED PARTIES	ORIGINATING MARKET SECTOR	RECOMMENDATIONS
AUGE10	Incorrect Correction factors	Site Specific Correction Factor	Site specific correction Factors have not been provided by Shippers for all sites that need them	49	Shippers	Shippers	Calculate the correct factors and update central systems
AUGE11	Isolated sites	Advancing Isolated Sites	Isolated sites have meter reads which show that the site is consuming therefore creating UIG	47	Shippers	Shippers	Incentivise shippers to not leave sites as isolated
AUGE12	Sites with a Meter By-pass fitted	Use of By-pass flag	The open by-pass flag utilisation is low	Not Calculated	Shippers	Shippers	Provide guidance on when to set it and incentivise correct use
AUGE13	Sites with a Meter By-pass fitted	Consumption Adjustments	Consumption adjustments completed by-pass operations are rare	Not Calculated	Shippers	Shippers	Provide guidance on when they need be submitted and audit applicable sites
AUGE14	Unregistered Sites	Unregistered Sites	There are consuming sites that have remained unregistered at the line in the sand	35	Shippers	Shippers	Identify originating shippers, engage and incentivise
AUGE15	Shipperless Sites	Shipperless Sites	There are consuming sites that have remained shipperless at the line in the sand	26	Shippers	Shippers	Identify originating shippers, engage and incentivise
AUGE16	Site Classification	Pre-payment Sites	The number of pre-payment meters recorded on UK Link is lower that the number fitted (according to supplier reporting to Government)	Not Calculated	Shippers	Shippers	Investigate the difference
AUGE17	Site Classification	Number of Commercial sites	There are a number of non-domestic sites registered as domestic in EUC bands 1 and 2	Not Calculated	Shippers	Shippers	Investigate the difference

► Next steps are to take a more detailed slide deck to the May PAC

Advisory Service

UIG at Allocation

- ▶ We have carried out an initial high-level assessment of the methodology for estimating UIG at allocation
- ▶ To carry out the analysis we would use historical UIG allocations, UIG reconciliations, AQ changes and actual weather details to calculate a seasonal normal forecast of UIG
- ▶ We will be able to calculate a monthly percentage forecast of UIG at national and LDZ level
- ▶ We will not be able to provide a daily view due to uncertainty in that level of calculation but will be able to provide a monthly view
- ▶ The percentage, example for display purposes below, will be the percentage of total LDZ UIG that will be allocated on a seasonal normal year

MONTH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Percentage of UIG	13%	13%	15%	10%	5%	2%	2%	2%	3%	10%	11%	14%	100%

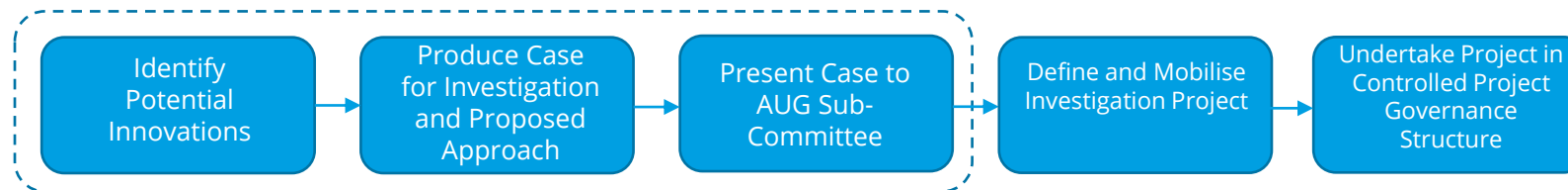
Innovation Service



Innovation Service

Background

- ▶ Designed to identify changes to industry arrangements fairer and more equitable ways of allocating UIG
- ▶ We use our detailed knowledge of the market arrangements, and the data available and analysis undertaken as part of the Core Service, to identify ways in which UIG could be better and more equitably allocated, if changes were forthcoming
- ▶ The service identifies, assesses and proposes the innovation that has the most potential for better and more equitable allocation of UIG – and provides the rationale for our selection
- ▶ A case for investigating one innovation, a proposed approach, an outline project plan and cost estimates will be provided as part of the service



Innovation Service

Recap

- ▶ Last year we presented 27 options for innovation
- ▶ From these two were chosen to go forward to business case for investigation stage
 - ▶ LDZ Specific Factors
 - ▶ Changing the residual reconciliation redistribution process (UGR)
- ▶ The business case for investigation was presented in September. To complete the cost benefit analysis costs were required from CDSP and Shippers
- ▶ Review Group 0781 was raised in October 2021 which overlaps with our Innovation Service
- ▶ Next Steps

Industry Issues

Industry Issues Log

Issue Number	Issue	Latest Update	Status	Date Opened	Date Closed
1	Modification 0711 - Update of AUG Table to reflect new EUC bands	Approved by the CDSP, work to reflect this in the AUGS and Table is ongoing	Closed	01/06/2020	30/12/2020
2	COVID	Potential impacts assessed and included in the 2021/2022 Statement where appropriate. We have considered the impact of COVID-19 in the 2022-2023 draft Statement	Live	01/06/2020	
3	Changes to theft arrangements due to REC v1.1	RECCo have appointed Capgemini to quantify the scale of theft in Great Britain which will feed into the development of a Theft Reduction Strategy and theft methodology. We will consider any ensuing impact on our methodology for future years	Live	22/10/2020	
4	Faulty Meters	Potential issue around energy associated with faulty meters not entering Settlement. Identified as part of the 2021-2022 Gas Year Investigation	Live	01/03/2021	
5	Must Reads on Supply Meter Points with no read	Our investigation into must reads provided very limited results. Therefore, we would suggest a more detailed review into why must reads for monthly read sites were not being completed before the Line in the Sand. Recent outcome of must reads could also be used as a feed into the error percentage	Live	01/03/2021	
6	AQ corrections on Supply Meter Points with no read	A review group 0783S (Review of AQ Correction Processes) has been set up who will hopefully progress the issue	Live	01/03/2021	
7	Smart Meter Rollout	We will assess the impact of smart rollout in the 2023-2024 Statement	Live	01/03/2022	





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